

Message Text

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PAGE 01 KUALA 04048 010639Z

ACTION EA-09

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INFO AMEMBASSY JAKARTA

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C O R R E C T E D C O P Y TEXT ADD LINE 7 PARA 2

JAKARTA FOR REGIONAL LABOR ATTACHE

E.O. 11652: N/A

TAGS: ELAB, MY

SUBJECT: RECENT LABOR DEVELOPMENTS IN MALAYSIA

REF: (A) KUALA LUMPUR 0650; (B) 76 KUALA LUMPUR 5768

1. SUMMARY. RECENT PROTEST ACTIVITY BY THE UNIONS HAS GIVEN THE IMPRESSION, AT LEAST IN THE PRESS, OF LABOR UNREST IN MALAYSIA. ESSENTIALLY, THE UNIONS ARE EXERCISED OVER TWO MAJOR ISSUES, AND THE SMALLER UNIONS AND OTHER EMPLOYEE GROUPS HAVE TAKEN THEIR CUE TO GO PUBLIC. ACTION HAS BEEN LIMITED TO STRIKE THREATS, SOME PICKETING AND SEVERAL "GO-SLOW OR "WORK-TO-RULE" OPERATIONS, BUT THERE HAVE BEEN NO STRIKES. THE GOM, WHILE CONCERNED OVER THESE DEVELOPMENTS, DOES NOT EXPECT THEM TO ESCALATE AND IS DETERMINED TO USE ITS STRONG POWERS UNDER THE LABOR LAWS TO SEE THAT THINGS DO NOT GET OUT OF HAND. END SUMMARY.

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PAGE 02 KUALA 04048 010639Z

2. THE CONGRESS OF UNIONS OF EMPLOYEES IN THE PUBLIC AND ADMINISTRATIVE

SERVICES (CUEPACS) HAS GRUDGINGLY ACCEPTED THE GOM'S ALTERNATE PUBLIC SERVICE WAGE SCHEME, THE CABINET COMMITTEE REPORT, IN PLACE OF THE CONTROVERSIAL IBRAHIM ALI REPORT (REFTEL A). HOWEVER, CUEPACS AND ITS AFFILIATES HAVE CARRIED ON SINCE FEBRUARY A CAMPAIGN TO HAVE THE GOVERNMENT RECTIFY VARIOUS "ANOMALIES" IN

THE CABINET COMMITTEE REPORT, WHICH WAS HASTILY DRAFTED AND ACTUALLY PROVIDES FOR LOWER WAGES AND BENEFITS THAN AT PRESENT FOR SOME EMPLOYEES. ON JUNE 20 CUEPACS BEGAN PICKETING VARIOUS GOVERNMENT OFFICES DEMANDING THAT THE GOM MEET WITH PUBLIC SERVICE EMPLOYEES' REPRESENTATIVES TO NEGOTIATE OVER THE ANOMALIES, A DEMAND THE GOM HAS BEEN RESISTING AS LIKELY TO REOPEN THE WHOLE RANGE OF ISSUES RELATED TO PUBLIC SERVICE WAGES. THE PICKETING, CARRIED OUT BY EMPLOYEES ON LEAVE AND AFTER HOURS, HAS NOT CAUSED ANY DISRUPTION TO GOM OPERATIONS.

3. ON JUNE 15 THE MALAYSIAN TRADES UNION CONGRESS (MTUC) ANNOUNCED THAT IT HAS SET OCTOBER 3 AS THE DATE FOR A NATION-WIDE, ONE-DAY STRIKE BY ALL ITS AFFILIATES AS AN ULTIMATUM TO THE GOM TO "HEED THE WORKERS' CALL FOR CHANGES IN THE PRESENT LABOR LEGISLATION." THE MTUC WILL ALSO ORGANIZE PUBLIC RALLIES AND PICKETING, AND WILL INSTRUCT ITS REPRESENTATIVES ON GOVERNMENT BODIES AND STATUTORY ORGANIZATIONS TO WITHDRAW FROM THEM TO REGISTER THEIR CONCERN OVER LABOR LEGISLATION. FINALLY, THE MTUC ANNOUNCED THAT IT WOULD WITHDRAW AS A SIGNATORY TO THE "CODE OF CONDUCT" FOR INDUSTRIAL RELATIONS AND WOULD GIVE A FULL REPORT OF ALL OF THIS TO THE ILO AND OTHER INTERNATIONAL LABOR BODIES TO SEEK THEIR SUPPORT IN ACHIEVING CHANGES IN LABOR LEGISLATION. (COMMENT: THE MALAYSIAN UNIONS' CONCERNS ABOUT THE LABOR LAWS ARE OF LONG STANDING AND WERE LAST EXPRESSED IN OCTOBER 1976 WHEN MTUC REPRESENTATIVES MET WITH PRIME MINISTER HUSSEIN ONN ON THE SUBJECT AND RECEIVED ASSURANCES THAT THE GOM WOULD CONSIDER THE WORKERS' VIEWS (REFTEL B). AS HAS BEEN COMMON LIMITED OFFICIAL USE

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PAGE 03 KUALA 04048 010639Z

IN THE MTUC'S RUNNING BATTLE WITH THE GOM ON THIS ISSUE, NOTHING CAME OF THE MEETING. MEANWHILE, THE OLD-LINE MTUC LEADERSHIP WAS CHALLENGED BY YOUNG RADICALS IN THE MOVEMENT WHO PUT UP A CANDIDATE AGAINST PRESIDENT P.P. NARAYANAN IN UNION ELECTIONS LAST DECEMBER AND WHO THREATENED TO WITHDRAW FROM THE CONGRESS LAST MARCH. A "SOLIDARITY COMMITTEE" HAS BEEN WORKING SINCE MARCH TO HEAL THIS SPLIT, AND THE MTUC'S NEW LIMITANCY ON THE LABOR LAWS IS ONE RESULT OF THE COMMITTEE'S WORK.)

4. IN THE LAST MONTH A NUMBER OF OTHER UNIONS OR EMPLOYEE GROUPS HAVE ALSO TAKEN THEIR CAUSES TO THE PUBLIC. THE GOVERNMENT-EMPLOYED HOUSEMEN (MEDICAL INTERNS), PENANG RACE-COURSE WORKERS, KUALA LUMPUR FIREMEN AND PARLIAMENT EMPLOYEES HAVE ALL ENGAGED IN OR THREATENED TO START "GO-SLOW" OR "WORK-TO-RULE" OPERATIONS TO PROTEST WORKING CONDITIONS. MOST OF THESE PROTESTS INVOLVED ONE ASPECT OR OTHER OF THE CABINET COMMITTEE REPORT ON PUBLIC SERVICE WAGE SCALES, AND THE ORGANIZATIONS INVOLVED TOOK THEIR CUE FROM THE CUEPACS AGITATION ON THE SAME SUBJECT.

5. COMMENT. THE PRESS HAS GIVEN LIBERAL COVERAGE TO THESE UNION ACTIVITIES, AND FORMER PRIME MINISTER TUNKU ABDUL RAHMAN DEVOTED HIS WEEKLY COLUMN IN THE STAR TO THE SUBJECT ON JUNE 27. IT HAS THUS

APPEARED THAT MALAYSIA IS GOING THROUGH A MAJOR LABOR CRISIS. A SENIOR

OFFICER IN THE LABOR MINISTRY HAS CONFIRMED TO US THAT THE GOM IS CONCERNED ABOUT RECENT DEVELOPMENTS, BUT HE POINTED OUT THAT THE GOVERNMENT HAS SUFFICIENT POWER TO PREVENT ANY SERIOUS ESCALATION. (ONE OF THE MTUC COMPLAINTS IS THAT THE LABOR LAWS GIVE THE GOM PRECISELY THIS KIND OF POWER.) HE SAID THAT THE GOM WOULD TOLERATE ANY UNION ACTIVITY WHICH IS WITHIN THE LIMITS OF THE LAW, BUT THAT THE FIRST ILLEGAL STEP (E.G., AN UNAUTHORIZED STRIKE BY SOME GROUP OF PUBLIC SERVANTS) WOULD BRING AN IMMEDIATE CRACKDOWN BY THE AUTHORITIES. AS THIS OFFICIAL PUT IT, "WE WILL GIVE THEM PLENTY OF ROPE..." THE GOM IS CONFIDENT THAT THE UNIONS ARE SUFFICIENTLY AWARE OF THEIR WEAKNESS VIS-A-VIS THE GOVERNMENT THAT THE PROTESTS WILL BE KEPT WITHIN BOUNDS, AND THAT A POLICY OF PATIENCE AND LIMITED OFFICIAL USE

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PAGE 04 KUALA 04048 010639Z

SOME CONCESSIONS (ARREARS PAYMENTS ON THE RETROACTIVE CABINET COMMITTEE REPORT BEGIN IN JULY) WILL CAUSE THE CURRENT PROTESTS TO DIE OUT. UNION DISSATISFACTION WITH THE LABOR LAWS WILL CONTINUE TO BE A LONG-TERM PROBLEM, BUT THE LONG LEAD TIME FOR THE THREATENED MUTUC GENERAL STRIKE AND THE RELATIVE TAMENESS OF THE OTHER PROPOSED ACTIONS BELIE THE MILITANCY OF THE CONGRESS' WORDS AND GIVE THE GOM LITTLE REAL CONCERN FOR THE MOMENT.

MILLER

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